

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1549 – SB 1835

March 7, 2014

SUMMARY OF ORIGINAL BILL: Prohibits the federal government from imposing educational standards on the state. Any adoption of educational standards by the State Board of Education (SBE) shall be done freely by the SBE. States that the SBE may change, adjust, or recede from a standard at any time with certain restrictions. Requires any proposed change or addition to an education standard to be posted for public view on the SBE website 60 days before the SBE meeting where the proposed change will be discussed. Requires proposed changes to be voted upon at public meetings where there is a quorum. Prohibits educational standards from being adopted by the SBE after July 1, 2014, until the Education Committees of the General Assembly have conducted hearings. Requires data collected from the use of or testing under the educational standards adopted by the SBE to be used solely to track the academic progress of students. Prohibits certain personally identifiable information from being collected, tracked, housed with, reported to, or shared with the federal government. Prohibits student data from being collected in order to develop commercial products or services or for political use.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (013896): Adds language to the original bill that prohibits the state from adopting the Partnership for Readiness for College and Careers (PARCC) assessment and from requiring local education agencies (LEAs) from administering the PARCC assessment. Requires the state to withdraw from PARCC and prohibits the state from joining any consortium that relinquishes control over assessments to an outside entity. Requires any adoption of new assessments as a replacement for the Tennessee Comprehensive Assessment Program (TCAP) tests to be at the discretion of the General Assembly.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Expenditures - \$10,100,000/FY14-15
\$3,939,000/FY15-16 and Subsequent Years

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Other Fiscal Impact – It is unclear how this change will impact the state’s federal Elementary and Secondary Education Act waiver and portions of the Race to the Top (RTT) grant funding, a majority of which has already been received by the state. Depending on the federal Department of Education’s response, the federal government may withhold future federal funding or require the state to pay back a portion of the RTT grant funding that has already been received. Any such fiscal impact cannot be reasonably quantified and is dependent upon multiple unknown factors.

To the extent local education agencies elect to purchase new textbooks as a result of the new state assessment prompted by passage of this bill, the one-time permissive increase in local government expenditures is reasonably estimated to exceed \$1,000,000.


Assumptions for the bill as amended:

- The number of changes to educational standards by the SBE will not be increased.
- Any change in education standards by the SBE will be done in the normal course of board meetings.
- Hearings by the General Assembly will be done in the normal course of legislative hearings.
- The state would not administer the PARCC assessment.
- The state will maintain membership in other consortiums or initiatives to which the state is already a party.
- The state will develop a new test to align with existing state curriculum standards with the approval of the General Assembly. The new test will be implemented in the 2015-2016 academic year.
- Currently, the state is not spending any funds on PARCC test development. Using historical test development costs, the DOE estimates a one-time increase in state expenditures of \$10,100,000 for the development of new state assessments. This one-time state expenditure will occur in FY14-15.
- According to DOE, the state will spend an amount between \$21,000,000 and \$25,000,000 on the PARCC test administration. The exact amount is dependent upon multiple unknown factors such as the number of students who will take the PARCC test using pen and paper. However, and for the purpose of this fiscal note, it is reasonably assumed the cost to the state would be \$23,000,000.
- DOE estimates that the cost to administer new state tests that meets state standards would be approximately \$26,939,000.
- The difference between what the state is estimated to spend on the administration for PARCC assessments and the administration of a new state assessment is \$3,939,000 (\$26,939,000 - \$23,000,000). Therefore, the recurring increase in state expenditures for administering new state assessments is estimated to be \$3,939,000 beginning in FY15-16.

- The adoption of new state assessments may take place in conjunction with the textbook purchasing cycle. However, if the adoption of new assessments and the textbook cycle did not happen concurrently, the state would not require local education agencies (LEAs) to purchase new textbooks. To the extent LEAs elect to purchase new textbooks as a result of the new state assessment prompted by passage of this bill, the one-time permissive increase in local government expenditures is reasonably estimated to exceed \$1,000,000.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

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